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February 20, 2008

AGENDA ITEM 8

TO: MEMBERS OF THE FINANCE COMMITTEE

- I. SUBJECT:** CalPERS 2008-11 Three-Year Business Plan Approval (First Reading)
- II. PROGRAM:** Systemwide
- III. RECOMMENDATION:** Approve the First Reading of the CalPERS 2008-11 Three-Year Business Plan.
- IV. ANALYSIS:**

In 2005, the CalPERS Board of Administration formally adopted the CalPERS Strategic Plan. In August 2007, guided by the adopted goals, the CalPERS Executive and Senior Management team initiated an effort to review the current business plan objectives and develop new objectives for the 2008-11 Three-Year Business Plan. As a result of this work, a total of four objectives were revised and 15 new objectives were created. The proposed new business plan (Attachment A) will serve as a road map to achieving our strategic plan goals.

Some highlights of the new plan include:

- In the Enterprise area, a new objective was added that will focus on utilizing the skills, talents, and opportunities available in the marketplace by implementing a comprehensive diversity strategy.
- In the Pension area, a new objective will look at refining our target service and satisfaction levels for members and employers to sustain our customer service efforts.
- In the Asset and Liability Management area, a revised objective will enable the Investment Office to implement strategic initiatives in our governance area to make Board activities more transparent and increase shareowner rights and access.

Members of the Finance Committee
February 20, 2008

- In the Health area, we've added an objective that ensures all CalPERS contracting health plans will implement an incentive program to encourage members to make healthier lifestyle choices.

The proposed objectives enable the work to be approached in phases, recognizing that we must first clearly identify those efforts that provide the greatest value, and then define the appropriate measurements of progress along the way.

As part of this effort, staff will monitor and validate the progress made to meet each objective within the designated timeframe. The business plan status will be included in future semi-annual plan updates.

Work is continuing on development of business objectives related to the findings and recommendations of the Public Employees Post-Employment Benefits Commission, and the managing workload initiatives noted in the 2007 Employee Survey feedback.

The new objectives contained in the CalPERS 2008-11 Three-Year Business Plan will be presented as a second reading to the Finance Committee in March 2008.

Ongoing Business Plan Status Reporting

The CalPERS 2008-11 Three-Year Business Plan will be presented as a second reading to the Board of Administration on March 19, 2008, and will take effect upon approval. Staff will provide semi-annual status reports to the Finance Committee each February and September.

Conclusion

The CalPERS 2008-11 Three-Year Business Plan embodies new approaches to meet the known and unknown business challenges of our marketplace and to maintain a forward-looking vision. The plan documents the business priorities and the enterprise implementation plan that will guide CalPERS toward the achievement of our Vision, Mission, and Strategic Plan Goals.

VI. RESULTS/COSTS:

Cost and resource needs associated with the projects and other activities identified in this plan have been allocated in the proposed CalPERS 2008-09 Budget.

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Strategic Management Services Division

JOHN HIBER
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Attachment